

TWELFTH ANNUAL
REPORT

—THE—
Crow's Nest Pass
Coal Company
LIMITED



1908



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ANNUAL REPORT**

**THE CROW'S NEST PASS
COAL COMPANY
LIMITED**

1908

BOARD OF DIRECTORS.

PRESIDENT,

ELIAS ROGERS,

President The Elias Rogers Co., Ltd., Toronto; Director Imperial Bank.

VICE-PRESIDENT,

E. C. WHITNEY.

President St. Anthony Lumber Company, Limited, Ottawa.

DIRECTORS,

JAY P. GRAVES.

Vice-President and General Manager Granby Consolidated M. S. & P. Company, Spokane, Wash.

W. P. CLOUGH,

Vice-President Northern Securities Company, New York, N.Y.

H. B. MCGIVERIN,

Messrs. McGiverin, Haydon & Greig, Barristers, Ottawa.

W. H. ROBINSON,

Director Granby Consolidated M. S. & P. Company, Granby, Que.

R. M. YOUNG,

Toronto.

OFFICERS:

General Manager..... JAMES D. HURD, M.E., Fernie, B.C.

Chief Accountant..... A. KLAUER, “

Purchasing Agent..... J. B. TURNEY, “

Treasurer..... ELIAS ROGERS, Toronto, Ont.

Secretary..... R. M. YOUNG, “

Auditor..... J. G. LANGTON, “

DIRECTORS' REPORT

The Directors beg to submit to the Shareholders of the Company their Twelfth Annual Report, including Statement of Assets and Liabilities, as of 31st December, 1908.

The balance at the credit of Profit and Loss Account brought forward from 1907 amounts to \$381,399.72. There has been transferred from Reserve Fund \$2,124,420.00, and from Premium on Stock Account \$16,830.00, making in all \$2,522,649.72, from which there was paid a bonus dividend at the rate of 66 $\frac{2}{3}$ % on the paid-up Capital Stock of the Company, authorized at a Special Meeting of the Shareholders held on the 23rd day of April and paid on the 15th July, 1908, on each and every shareholder of the Company subscribing for shares equal in amount to the dividend, whereby the issued and paid-up Capital Stock of the Company was brought up to \$6,212,666.66. This left a balance at the credit of Profit and Loss Account of \$37,583.06, to which the net profits of the year, \$240,226.35, being added, brought the amount up to \$277,809.41. From this amount a half-yearly dividend upon the basis of 6% per annum was paid on the paid-up Capital Stock of the Company as of the 1st of August, 1908, amounting to \$185,825.20. There was also from this amount paid to the Fernie Fire Relief Fund the sum of \$5,000.00, appropriated to Fire Losses arising out of the great conflagration \$45,239.33, and appropriated for loss on plant disposed of during the year \$30,749.05, leaving a balance to be carried forward to the credit of Profit and Loss Account of \$10,995.83.

The Directors deemed it prudent and essential to meet the loss occasioned by the great fire out of the earnings of the half-year in which it occurred, although that course necessitated their passing the second half-yearly dividend. The net direct loss from the fire to this Company and to its subsidiary companies, the stock of which is held by this Company, amounted to \$106,712.58.

The coal mined during the year amounted to 981,645 tons, as against 981,939 tons in 1907. The production of coke amounted to 262,558 tons, as against 231,368 tons in 1907. Following the depression in trade during the earlier part of the year 1908, came the very extensive and disastrous fire on the 1st of August, which greatly interfered with the Company's operations, directly and indirectly occasioned considerable loss and unfavorably affected

the output of the Collieries. As the mine workings reach deeper into the mountains, the weight of the increased cover necessitates changes in the systems of mining, which in two of the larger mines cut down the output considerably for the greater part of the year. The British Columbia Government increased, on the 11th February, 1908, the tax on coal five cents per ton, and on coke six cents per ton.

On the 1st of July your Directors commenced to set aside a fund to meet Depreciation on Plant and Equipment, and on the 1st of September a fund was also started to offset the depletion of mines, both funds being taken out of earnings for the above purposes on every ton of coal mined.

During the year there has been spent on improvements the sum of \$530,007.02 by the Coal Company, the sum of \$18,749.39 by the Crow's Nest Pass Electric Light and Power Company, and the sum of \$46,749.88 by the Morrissey, Fernie & Michel Railway Company, the last two being the subsidiary companies of the Coal Company, or, in all, \$595,506.29 on Improvement Account.

The wage contract existing between the Company and its employees expires on the 1st of April, 1909, and it is expected that nothing will prevent the arrangement of a new contract mutually beneficial being made by both parties before that date.

During the year Mr. James McEvoy, C.E., resigned from the position of Chief Engineer and Geologist, and Mr. James R. Roaf was advanced to the position of Acting Chief Engineer. The General Manager and all the other officers at the Collieries are giving their best effort to the Company's business, and are zealous and active in its interests.

There was paid to the Government of British Columbia for coal tax and royalty \$44,143.15, and for coke tax \$28,866.21 during the year.

Supplementary Letters Patent, increasing the Capital Stock of the Company to \$10,000,000 00, as authorized by the Shareholders, were gazetted on the 8th of May, 1908.

There were outstanding at the end of the year fifty fractional certificates issued to Shareholders, with the bonus dividend before referred to, and it is very desirable that holders should convert these into shares by sale or purchase, so that they may be all retired.

All of which is respectfully submitted,

G. G. S. LINDSEY,
President.

TORONTO, ONT., March 12th, 1909.

The CROW'S NEST PASS COAL COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

Year Ending 31st December, 1908.

Balance at Credit 31st December, 1907....	\$ 381,399.72
Transferred from Reserve Fund.....	2,124,420.00
Transferred from Premium on Stock	
Account	16,830.00
	<u>\$2,522,649.72</u>

APPROPRIATED AS FOLLOWS :

Bonus Dividend No. 29, at the Rate of 66 $\frac{2}{3}$ per cent. on the Paid-up Capital Stock of the Company, authorized at Special Meeting of Shareholders 23rd April, and paid 15th July, 1908.....	\$2,485,066.66
Balance carried down.....	37,583.06
	<u>\$2,522,649.72</u>

Balance brought down.....	\$ 37,583.06
Net Profits for the Year 1908.....	240,226.35
	<u>\$277,809.41</u>

APPROPRIATED AS FOLLOWS :

Dividend of 3 per cent. (No. 30) paid 1st August, 1908	\$185,825.20
Vote to Fernie Fire Relief Fund.....	5,000.00
Fire Losses, Fernie Conflagration.....	45,239.33
Loss on Plant disposed of during 1908....	30,749.05
Balance carried forward.....	10,995.83
	<u>\$277,809.41</u>

E. R. WOOD,
Treasurer.

The CROW'S NEST PASS COAL COMPANY LIMITED

GENERAL STATEMENT, 31st DECEMBER, 1908

ASSETS

Mines, real estate, plant, development, etc..	\$6,394,752.92
Securities owned	691,396.98
Accounts Receivable	362,940.25
Cash on hand and in bank.....	48,225.89
Total Assets	<u>\$7,497,316.04</u>

LIABILITIES

Capital Stock paid up.....	\$6,212,666.66
Bills Payable	1,006,658.16
Accounts Payable	266,995.39
Profit and Loss	10,995.83
Total Liabilities	<u>\$7,497,316.04</u>

E. R. WOOD,
Treasurer.

TORONTO, March 12th, 1909.

I have examined these Statements of Profit and Loss, and of Assets and Liabilities, also the books and vouchers of The Crow's Nest Pass Coal Company, Limited, and find the same correct.

J. G. LANGTON,
Auditor.

TORONTO, March 12th, 1909.

PROCEEDINGS
OF THE
TWELFTH ANNUAL GENERAL MEETING OF
SHAREHOLDERS

The Annual Meeting of the Shareholders of the Crow's Nest Pass Coal Company, Limited, was held in the Board Room of the Company, Toronto, on Friday, the 12th day of March, 1909, at 2.30 o'clock p.m.

The following Shareholders were present, representing 79 per cent. of the stock:—

IN PERSON—

Norman Ainley
D. S. Cassels
William Crocker
Col. W. P. Clough
J. F. Edgar
Beverley Jones
Hon. Robert Jaffray
G. G. S. Lindsey
Col. James Mason

George H. McLaren
Elias Rogers
Col. G. A. Stimson
Henry Swan
Dr. Luke Teskey
E. R. Wood
E. C. Whitney
R. M. Young

BY PROXY—

Jules E. H. Barth
S. G. Beckett
Hon. Geo. A. Cox
Samuel Crangle
Mrs. Jessie Chipman
Mrs. A. E. Cattermole
John D. Chipman
G. W. Cook
W. W. Callender, John
Baikie & Wm. Durie, Exrs.

C. J. Major, and Joseph Hunter,
in trust
John Massey, Manager, and W.
Cecil Lee, Treas., in trust
Richard J. McLaren
Archibald K. McLaren
H. B. McGiverin
E. T. Nichols
James Kerr Osborne
W. D. Otter

By Proxy,—Continued

Robert G. Drinnan	Osborne & Francis
Dr. John L. Davison	Osler & Hammond
Charles C. Dalton	T. H. Purdom
D. B. Dick	F. B. Pemberton
Miss Catherine Odell Elwell	John Wm. Palmer
Mrs. Myrtle M. Ellis	W. Robert, Manager
Estate of Samuel Finley	W. C. Stikeman
Mrs. Elizabeth Folingsby	Miss Marion B. Smith
Miss Lillie E. Gouinlock	James H. Swan
Henry J. Gardiner	Miss Melita C. Sutherland
General Richard T. Godman	Mrs. Lucy Caroline Isabella
Granby Consolidated Mining	Strong
Smelting and Power Co.	Stuart Strathy, Gen. Man., in
Jay P. Graves	trust
Harris Cook & Co.	Miss Violet A. Tobin
H. Spencer Holcroft	Mrs. Elizabeth Turner
Mrs. Laura E. Howland	Nicholas Terhune
William Hanson	Arthur W. Vowell
Charles W. Irwin	Mrs. Ellen Watson
Clarkson Jones	T. H. Whitehead
Mrs. Mary Monteith	James W. Woods
Mrs. Jeanie J. J. L. Moberly	Henry S. Walker
William Mansell	Henry Winnett
D. R. Wilkie	Mrs. C. N. Waterman

The President, G. G. S. Lindsey, K.C. having taken the chair, Mr. R. M. Young was requested to act as Secretary to the meeting.

The Minutes of the Eleventh Annual Meeting, held on February 14th, 1908, and of its adjournment held on March 10th, 1908; of the Special Meeting of Shareholders held on April 20th, 1908, and of its adjournment on April 23rd, 1908; and of the Special Meeting of Shareholders held on August 25th, 1908, and of its adjournments held on September 3rd, September 29th, November 10th, December 29th, 1908, and January 28th, 1909, were taken as read, whereupon the President signed the same.

The Secretary, after reading the Notice calling the Meeting, read the Twelfth Annual Report of the Directors, and the accompanying Financial Statement.

THE PRESIDENT'S ADDRESS

In moving the adoption of the Report, G. G. S. LINDSEY, K.C., President of the Company, said:—

I beg to move the adoption of the Report.

In connection with the Resolution, I will give certain information which I think will be of interest to the Shareholders, and after giving that, any questions which you may ask in connection with the Report will be gladly answered.

The Directors' Report and Financial Statement, which you have just heard read, indicate that the Company, while it has had in some respects a satisfactory year, has met with misfortunes which obliged it to pass the dividend for the last half of last year.

The general depression in trade caused a very considerable falling off in orders, particularly during the first half of the year, and the terrible fire of the 1st of August disorganized conditions, particularly the coking plant at Fernie, for several months.

The fire spread up the Elk Valley from below Fernie for a distance of over twenty-five miles, and for three, and sometimes four, miles on either side of the valley, and while it extended some two miles up Coal Creek, it fortunately did not reach the Colliery there. It burned all about the tops of the mountains at Michel, sometimes coming down to within two hundred feet of the valley level, but burned nothing at the Colliery there. The Company is to be congratulated on having escaped with so light a loss. The principal loss was at Fernie, which place was practically wiped out, the slack bins and trestle for the coke ovens being destroyed, and all the telephone and electric lighting wires and poles burned, besides a large number of railway cars and much trackage.

The net direct loss to the Coal Company's plant was \$45,239.33, and to the Crow's Nest Pass Electric Light & Power Company's plant, \$24,668.78, and to that of the Morrissey, Fernie & Michel Railway, \$36,804.47. The loss of the two latter Companies, the stock of which is owned by this Company, is to be met out of earnings, thereby depriving this Company of the dividends it would otherwise have received.

Relief in supplies and money came generously and quickly and helped a serious situation. The city is now rebuilt, all being housed for the winter, many in temporary, some in permanent homes, and there are more buildings now in Fernie than before the fire. The shacks in the old town being burned, permission was

refused to rebuild there, and the new homes are now in the City of Fernie. The Relief Committee advanced \$60,000 to wage-earners to assist in building homes, the loans to be repaid in three years without interest.

The Board of Directors contributed \$5,000 to the Relief Fund, and you will be asked to ratify this.

As the mines get under deeper mountain cover, the softness of the pavement in some has become apparent, and changes have been necessarily made in the method of mining coal in No. 2 Mine, Coal Creek. This has considerably cut down the tonnage from this mine. The increasing thickness of clod in No. 9, Coal Creek, has necessitated a change in the method of mining there, which has interrupted the output.

The total output of coal from all mines during the year was 981,645 tons, or 259 tons less than for the year 1907, which, under the adverse circumstances related, must be taken to be a fair year's work.

The total output of coke for the year was 262 558 tons, as compared with 231,368 for the year 1907, an increase of 31,190 tons, and this, having regard to the low price of metals prevailing during the period, must be looked upon as a good year's business.

A new mine, No. 1, has been opened up at Coal Creek, and gives promise of becoming a fair producer of excellent coal. No. 6, Coal Creek, has not turned out satisfactorily. At Sitkum two prospects did not develop a coal which was commercially suitable, and they have for the time been abandoned. No. 7 Mine, Michel, to which a rock tunnel was driven in 1907, opened up a very fine seam of excellent coal, which will prove a good producing mine, and at Carbonado, Nos. 7 and 8 give promise of good results.

During the year \$596,506.29 has been spent on improvements. This amount is distributed as follows: This Company, \$530,007.02; the Crow's Nest Pass Electric Light & Power Company, Limited, \$18,749.30; and the Morrissey, Fernie & Michel Railway Company, \$47,749.88. A very considerable portion of this Company's expenditure has been on the new steel tippie at Michel, which will be capable of handling 5,000 tons of coal a day, and is now practically complete. Twenty-eight new coke ovens have been constructed at Fernie and twenty-two at Michel. A few of these are Longitudinal ovens, cleared by an automatic ram, which have been tried as an experiment, and have produced a quality of coke equal to that made in the Beehive ovens. This type of oven will likely prove economical.

The Compressor at Coal Creek mentioned in last year's Report

has been completed, and is in operation and giving good satisfaction. Electricity has been cut completely out of the mines at this point, and a system of compressed air haulage installed, which will eliminate all chances of accident from gas explosions ignited by electric sparks.

At Michel a new high stage air compressor has been installed, and the boiler plant considerably added to.

The Company's pay-rolls for the year amounted to \$2,010,-023.85. The employees amounted to 2,109.

There was paid to the Government of British Columbia for royalty and taxes on coal and coke \$73,009.36. The coke tax has been increased six cents a ton, the coal tax five cents a ton, and royalty on coal abolished.

The contract with the miners runs out on the 1st of April, and pursuant to the existing agreement, the Operators and men met on the 1st of March, and after a brief deliberation adjourned to meet again on the 15th. It is hoped that a satisfactory agreement to all parties will be reached before the 1st of April.

The bond issue authorized by the Shareholders to the extent of two and a half millions has been made, but so far no attempt has been made to sell any of the bonds.

The Capital Stock of the Company was increased from \$4,000,000 to \$10,000,000, pursuant to authority from the Shareholders. Increased powers pursuant to the direction of the Shareholders were also secured. As these new powers were made the subject of a circular letter to the Shareholders, they are familiar with them.

The question of largely increasing the Coke Ovens is under consideration, the prospective demand for coke seeming to warrant it, but so far the General Manager has not made his final recommendations.

The desirability of providing a permanent sinking fund to take care of not only such development work as in the course of time will cease to be valuable, but of depreciation of the Company's plant, has prompted the Directors to set aside a sum out of earnings to meet these ends, and this has had its influence on the profits for the year.

The officials at the mines are giving their best energy and ability to their work and to the Company's interests, and are deserving of the appreciation of the Shareholders.

The Great Northern Railway has been running during the greater part of the year into Michel, putting that place upon two great railway systems instead of one.

The opening up of the Michel townsite has proved most satisfactory, the miners taking advantage of the opportunity to purchase lots and build homes for themselves to a very considerable extent.

The forest fire which swept the City of Fernie almost completely destroyed the Light Company's plants there, and in its course along the Elk Valley, to a large extent the system of poles and transmission wires between Fernie and the Coal Company's Collieries. From then till the end of the year the earnings of the Waterworks Department fell away considerably, while the electric light and telephone departments were run at a loss. The net loss to the Company, after receipt of insurance monies, which were paid in full, was \$24,668.78, and the Directors decided to take up this amount out of the earnings for the year. Of the above fire loss, the net loss on telephone lines was \$8,461.30; on electric light and transmission lines, \$14,166.94; on waterworks plant, \$689.20, and on stock, \$371.85 while the cost of clearing up after the fire amounted to \$979.49.

The loss of the Railway Company amounted to \$36,804.47, made up of destroyed rolling stock, car shops, tracks and freight; \$18,500 of this was for foreign cars burned on our tracks. This will be provided for out of earnings.

It was decided to take advantage of the situation created by the fire to dispose of the Telephone, Water and Light plants in Fernie, as the operation of these franchises has been a source of constant friction with the municipality.

An offer was made by the Kootenay Telephone Lines, Limited, of Cranbrook, B.C., to buy out the Company's telephone business, and what was left of its plant and stock. The Directors decided to accept the offer, and the sale was accordingly made for \$10,075.20.

To re-enter the electric lighting business would necessitate complete re-construction, and while the municipality of Fernie had evinced a disposition to go into the business themselves, they had not the ready money necessary to do so. The Directors therefore decided to offer to construct a system for the city at a cost of approximately \$40,000.00, taking in payment its 6% debentures at par. This would necessitate a cash expenditure of \$23,000.00, and disposing of \$17,000.00 worth of plant belonging to the Company. Negotiations, however, have not yet been completed.

It is expected that the Waterworks plant may be disposed of to the city for its debentures. This plant is intact.

Hon. Robert Jaffray, Vice-President of the Company, seconded the motion to adopt the Report.

The Report was unanimously adopted.

On motion of J. F. Edgar, seconded by Beverley Jones, Colonel J. G. Langton was appointed Auditor of the Company for the ensuing year.

On motion duly made, the following By-laws were confirmed:—

By-law No. 121, being a By-law providing for an Executive Committee of five Directors, and setting forth its duties and powers.

By-law No. 122, being a By-law revoking the power given to the Land Commissioner to sign deeds.

By-law No. 123, being a By-law providing that the Company may act as its own Transfer Agent and Registrar.

By-law No. 129, providing for the counter-signature of share certificates by a Transfer Agent appointed from time to time by the Company.

By-law No. 130, being a By-law providing for the opening of a Bank Account in the City of New York.

On motion of William Crocker, seconded by Beverley Jones, it was resolved that the thanks of the Shareholders are due, and are hereby tendered to the officers of the Company for their services to the Company in the fulfilment of their respective duties during the past year.

On motion of Colonel Stimson, seconded by E. C. Whitney, Colonel James Mason and J. F. Edgar were appointed Scrutineers for the election of Directors.

On motion of E. R. Wood, seconded by Colonel Clough, it was resolved that the number of Directors for the ensuing year be seven.

On motion of William Crocker, seconded by E. C. Whitney, it was resolved that the meeting do now proceed with the election of Directors for the ensuing year, and that for that purpose

a ballot box be opened and remain open until four o'clock, the poll to be closed, however, whenever one minute shall have elapsed without a vote being tendered, the result of the election to be given by the Scrutineers to the Chairman.

The ballot was then taken, and the Scrutineers reported the following gentlemen elected Directors for the ensuing year: E. C. Whitney, Elias Rogers, Jay P. Graves, H. B. McGiverin, W. H. Robinson, W. P. Clough and R. M. Young.

The meeting then adjourned.

At a subsequent meeting of the Directors the following officers were elected:—

PRESIDENT,
ELIAS ROGERS.

VICE-PRESIDENT,
E. C. WHITNEY.

TREASURER,
ELIAS ROGERS.

SECRETARY,
R. M. YOUNG.

**THE CROW'S NEST PASS
COAL COMPANY
LIMITED**

Capital Stock (Authorized)	-	\$10,000,000.00
Capital Stock (Subscribed)	-	6,212,666.66
Capital Stock (Paid up)	-	6,212,666.66

**STOCK TRANSFER OFFICE
COMPANY'S HEAD OFFICE, TORONTO**

**REGISTRAR
THE NATIONAL TRUST COMPANY, TORONTO**

**HEAD OFFICE
Toronto, Ontario**

**MINES OFFICE
Ferne, British Columbia**



